

FISCAL NOTE

Bill #: HB0206

Title: Homestead property tax relief

Primary

Sponsor: Stan Fisher

Status: As introduced

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Expenditures:		
General Fund	\$27,952	\$0
Revenue:		
General Fund	\$0	(\$395,676)
State Special Revenue		(\$24,882)
Net Impact on General Fund Balance:	(\$27,952)	(\$395,676)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
X		Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

1. 116,000 Montana residents are 65 and older (U.S. Census Bureau).
2. 75%, or 87,000, are homeowners and eligible for the tax limitations available under this bill (DOR).
3. An average improvement assessed value of \$59,300 per residence (DOR).
4. The tax rate in 2001 will be 3.75% for Class 4 property.
5. An estimated annual increase of 9 mills is used to determine impacts (DOR).
6. The revenue loss under this proposal will be shared proportionately between taxing entities. The proportions are based on the current distribution of taxes. See technical note #1.
7. The development of an application form will cost \$27,952 in FY2000. This upgrade to CAMAS is an estimate only and is subject to change(DOR).

FISCAL IMPACT:

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
FTE		
<u>Expenditures:</u>		
Operating Expenses	\$27,952	\$0
<u>Funding:</u>		
General Fund (01)	\$27,952	\$0
<u>Revenues:</u>		
General Fund (01)	\$0	(\$395,676)
State Special Revenue (02)	\$0	(\$24,882)
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	(\$27,952)	(\$395,676)
State Special Revenue (02)	\$0	(\$24,882)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES :

Local schools would experience a revenue loss of \$768,732 in FY 2001. County and city governments would experience losses of \$344,346 and \$206,016, respectively.

This bill may require local governments to spend additional sums for which no specific means of financing are provided. Section 1-2-114, MCA provides that bills that have such an impact may not be introduced.

LONG-RANGE IMPACTS:

Approximately 10,000-12,000 Montana residents reach the age of 65 each year. If the homeownership information remains accurate, an additional 75% of them would be eligible for this tax limitation each year. The property loss for all taxing jurisdictions will grow each year as the population ages and mills increase.

TECHNICAL NOTES:

1. In calculating the impact to the general fund, the current distribution of property taxes for each of the taxing entities was used. There was no formula, direction or discussion for distribution of the taxes paid under this proposal.
2. Possible conflict with 1-2-114, MCA.
3. New section 2, part 3c discusses improvements to the property in years subsequent to the base year. Reference is made to "applying the current year mill levies in the first year that the improvements are subject to tax to the value of the improvements". As stated this reference would result in a substantial increase in taxes. The reference would be more appropriate if stated that the mill levies are applied to the taxable value of the improvement.